Programs and Services

Farm and Food Report, Week of February 27, 2006

Study Sheds Light On Possible Effects Of Metering Systems On Seeds | New Guidelines For Public Participation In Livestock Development | Is Feeding Cattle An Option? | Renewed Interest In Faba Beans Prompts Industry Meeting | New Organic Cleaning And Processing Mill In Northwest Saskatchewan

Week of February 27, 2006

STUDY SHEDS LIGHT ON POSSIBLE EFFECTS OF METERING SYSTEMS ON SEEDS

Sometimes, research simply concludes that you've been doing it right all along.

That is exactly what happened with a recent Prairie Agricultural Machinery Institute (PAMI) study on canola seed damage from metering and air distribution systems in seeders, funded by Saskatchewan Agriculture and Food's (SAF) Agriculture Development Fund (#200400520).

According to Wayne Stock, PAMI's Assistant Manager of Soils and Crops, PAMI was approached by the Canola Council of Canada to do this work because their field trials showed up to 30 per cent canola seed damage with air seeders. They asked PAMI to find out where and why this damage was occurring, and to find out if operating the machines at different air speeds would reduce losses.

Given the increase in hybrid seed costs, Stock believed reduced seeding losses might increase producers' profitability. The Canola Council of Canada would then publish literature on how to adjust seeding rates to reduce the seed damage.

"But the trials revealed something else," he says. "We weren't able to duplicate that 30 per cent damage at all. We tested two varieties: a hybrid and a non-hybrid. When we tested an open-pollinated variety, we did find slight damage, but not enough to be significant. We tested them at different air speeds and, in the end, we could not make a conclusion. The damage was very low."

"Saskatchewan Agriculture and Food funded this project because of some anecdotal evidence the Canola Council had found in their own research plots and in dealing with farmers," explains William Greuel, Provincial Oilseed and Transgenic Crop Specialist with Saskatchewan Agriculture and Food.

What this proves, Greuel believes, is that the existing air seeding equipment is well engineered.

"The study found that metering systems don't do a whole lot of damage. If we go back in time to the introduction of air seeding technology, metering systems were damaging seeds, and we have come a long way since," he says.

"The other way through which seed can be damaged is fan speed. If you have your air fan speed set too high, you will end up with cracked or damaged seed. We didn't see that in this study, but it is a good reminder for farmers to think about what fan speed seeders are set at when planting canola."

According to Greuel, Bourgeault and Agricore United conducted a similar study on flax in the past, and they found significantly different results: a lot more damaged and cracked seeds in flax as fan speed increased. It appeared that the seed damage was a result of the fan speed being set too high for flax.

Taking a little extra time at seeding to review procedures can help farmers maximize efficiencies, with a view to reducing those ever-challenging input costs.

The complete final report on the study, entitled Reducing Canola Seed Damage from Metering and Air Distribution Systems, may be obtained from the Agriculture Development Fund section of the Saskatchewan Agriculture and Food website, www.agr.gov.sk.ca.

For more information, contact:

Wayne Stock
Assistant Manager
Soils and Crops
Prairie Agricultural Machinery Institute
(306) 682-5033 ext.231
http://www.pami.ca/

William Greuel
Provincial Oilseed and Transgenic Crop Specialist
Saskatchewan Agriculture and Food
(306) 787-2756

Table of Contents

Week of February 27, 2006

NEW GUIDELINES FOR PUBLIC PARTICIPATION IN LIVESTOCK DEVELOPMENT

Saskatchewan Agriculture and Food (SAF) recently produced a useful tool to engage communities in discussion on livestock development. Karen Bolton, the Provincial Livestock Environment Specialist, worked with other members of Saskatchewan Agriculture and Food and with the Dispute Resolution Office of Saskatchewan Justice to prepare a document entitled Guidelines for Public Participation In Livestock Development.

The guidelines are useful for a developer or a community group considering a livestock operation. The purpose of the document is to encourage developers to take an active role in engaging the public throughout the development process. Local residents can provide valuable information on local resources, and highlight issues that may be of concern.

The guidelines are equally useful for a local council that wants to consider various options for collecting public input.

"Development discussions can be difficult, but there is a need to engage the public in this discussion," says Bolton. "It can be daunting to those who do not have experience in managing public consultation."

At times, individual developers and community groups can get wrapped up in the details of planning the project and obtaining approvals, and community consultation is initiated late in the process. This can result in significant delays, as the public may raise issues that need to be addressed or resolved, which, in some cases, may take considerable time.

"Generally," she explains, "in the planning world, it is recognized and acknowledged that, although public consultation extends the term of a project, it is useful from a couple of perspectives. One, it often provides local information and insight that perhaps developers wouldn't have access to otherwise; and two, it provides people with an opportunity to bring forward their issues. This provides an opportunity for developers to consider those issues and, where possible, to work with the public and the RM to find solutions or compromise.This is where the wisdom of these principles lies. Bolton believes they could be transposed to any project.

"Whether you are looking at livestock development, or any business—an ethanol plant or a seed cleaning plant—the process is the same. You need to consult people and you need to do it in ways that provide an opportunity for them to share their insights and concerns," she says.

Providing both formal and informal ways for the public to engage in discussions will hopefully result in more solution-oriented discussions between developers and the public. The guide talks about some of the communications tools that can be used, such as open houses and public meetings, as well as tips for dealing with the media. The Saskatchewan Association of Rural Municipalities also supports the use of events like open houses to allow developers and interested members of the public to

exchange information and ideas.

"Although the guidelines present other options for public consultation, we recognize that public meetings are the most frequently used option, so we spent some time talking about how to make the most of them through preparation and focussing the discussions," she says.

The 16-page guidelines document may be downloaded from the SAF website, www.agr.gov.sk.ca, under the Economics and Farm Management section.

For more information, contact:

Karen Bolton, M.A., P.Ag
Provincial Livestock Environment Specialist
Livestock Development Branch
Saskatchewan Agriculture and Food
306-787-9183

Table of Contents

Week of February 27, 2006

IS FEEDING CATTLE AN OPTION?

As agricultural producers weigh the issues surrounding their quest for prosperity, a number of them have been calling Saskatchewan Agriculture and Food (SAF) Livestock Development Specialist Bill Kowalenko in Outlook to ask him some pretty tough questions.

"Returns from grain crops over the past number of years have not been sufficient to cover the cost of production," explains Kowalenko. "Cattle producers have fared somewhat better, now that the BSE issue has become more settled. Markets are opening. Things are looking up, and they are wondering if more can be done."

"Keep in mind the fact that cattle producers had to change the way they marketed cattle during the time the border was closed," he says.

Many cattle producers found that the market was more selective. Some calves would bring good returns, while others were being discounted, particularly during the usual fall market run.

"Many producers opted to keep their lighter calves and background feed them until the market offered higher prices for the grown-out calves. We also saw that more cattle were finished in our province during this time. Several producers indicated that they were able to feed those cattle, either as backgrounded or finished cattle, and make a profit doing it," he says.

Kowalenko says he and his colleagues are being approached by producers who are considering seeding their cultivated land to forage crops to provide grazing for beef cattle.

"Some are looking to increase their cow herds; some are new entrants looking to invest in a cattle operation, while others are looking at either providing a custom grazing service or grassing their own cattle."

Before embarking on any new venture, it is important to do a thorough and detailed analysis to see if it is a viable option, warns Kowalenko.

"The first step in changing a farm operation ought to be to develop a comprehensive business plan," he says. "If a feedlot or other cattle feeding operation is planned for the business, it is important to develop a formal, written plan. It should include a description of the feeding operation, the major operation—

either backgrounding or finishing—and its size, and it should include the results of a SWOT analysis—strengths, weaknesses, opportunities and threats—of the current enterprise."

The business plan should include an operational plan, a financial plan, a human resources plan and a marketing plan.

"Assuming that an operator has determined he has the skills and appropriate financing in place to undertake some form of cattle feeding operation, the next most important aspect is marketing," says Kowalenko. "Marketing involves making decisions about where to sell, when to sell and what type of product to sell. Additionally, the purchase price of the cattle and the cost to feed the cattle need to be known and incorporated into the calculations to make an appropriate feeding decision."

Before any cattle are purchased, Kowalenko recommends a breakeven analysis that would evaluate the purchase and sell decisions, compare different marketing options and reflect the current state of the market and projected market prices.

Another major factor is the cost of livestock feed. Will the feed be grown on the farm or will it be brought in? It is important to use realistic and accurate costs in establishing the cost per pound of feed used to background or finish the cattle. Yardage and a daily cost per head also need to be calculated and established.

"Yardage is the cost of the facilities and equipment," explains Kowalenko, "as well as those other costs such as electricity, natural gas, propane or heating fuel, equipment fuel, repairs on facilities and equipment, corral cleaning, hired and operator labour, insurance and interest. Veterinary and medical cost can be included or may be charged out as a separate item."

Next, he says, a producer needs to carry out a projected breakeven analysis. This assists in estimating the profit potential and is used to calculate anticipated net returns to the feeding operation. This analysis only accounts for variable costs, and is used along with price projections.

Before a final price for those finished cattle can be projected, another adjustment needs to be made for the basis.

"The basis is the difference between the local cash price and the nearby futures price," he explains. "Basis risk refers to how closely the cash price and futures price track. Canadian cattle basis fluctuates more widely than U.S. cattle basis. The basis spread does not stay constant, and can fluctuate higher or lower during different times of the year. Knowing how to determine this finished market pricing will enable one to evaluate buying decisions that will indicate if there is potential to break even, make a profit or incur a loss."

For more information, contact:

Bill Kowalenko
Livestock Development Specialist
Saskatchewan Agriculture and Food
(306) 867-5559

Table of Contents

Week of February 27, 2006

RENEWED INTEREST IN FABA BEANS PROMPTS INDUSTRY MEETING

As a crop, faba beans are looking more attractive than ever for the moist zones of the eastern side of the province, according to Saskatchewan Agriculture and Food (SAF) Provincial Specialized Crops Specialist Ray McVicar.

"This is why an industry development meeting will be held in Canora on March 15. There have been a significant number of acres of faba beans grown in the province in the past. It is the best annual legume for fixing nitrogen, and it has very high protein levels," McVicar explains.

The faba bean (Vicia faba minor) is an ancient small-seeded relative of the Chinese broad bean (V. faba major). The oldest seeds of Vicia faba were found in Jericho and dated at 6250 B.C. The crop is grown in the Mediterranean region where it is a common food. In Europe, the faba bean is grown primarily as a livestock feed. Britain, where both winter and spring types are grown, is the largest European producer of faba bean.

"The renewed interest here can partially be attributed to the high cost of nitrogen fertilizer," says McVicar. "Growers and researchers are increasingly looking to crops that are able to fix much of their own nitrogen requirements. The use of faba beans would, therefore, reduce fertilizer costs."

Another factor that may influence outcomes, McVicar goes on, is the development of a new potential market class for faba bean.

"The development of small-seeded and low tannin (pigment) seed varieties with high protein content boosts market potential as livestock feed. Plus, smaller seed crops translate into savings on seeding costs because there are more seeds per pound."

The crop would effectively provide a second pulse crop, in addition to field peas, for wetter black soils, and a third pulse option for irrigated areas, concludes McVicar.

The meeting promises to be full of insight. The meeting will be held at the Canora Activity Centre, located at the golf club, from 1:00 to 4:30 p.m.

Bert Vandenberg, CDC Saskatoon, will discuss recent developments in faba bean research; Yvan Bruneau of Roy Legumex in Manitoba will give an update on the human consumption market; Pascal Leterme from the Prairie Swine Centre in Saskatoon will speak about feed values of faba beans; Glenn O'Hara of Parrheim Foods of Saskatoon will talk about the potential in human markets for the processed product. Rod Fisher, a seed grower from Dauphin, Hugh Campbell, a seed grower from Qu'Appelle, Kim Stonehouse from the Canora Agri-ARM site and Terry Hogg from the Irrigation Research Centre at Outlook will comprised the growers' panel.

More information about faba beans can be obtained from the SAF website, www.agr.gov.sk.ca, under the Crops/Pulses/Production sections.

For more information, contact:

Ray McVicar
Provincial Special Crops Specialist
Saskatchewan Agriculture and Food
(306) 787-4665

Table of Contents

Week of February 27, 2006

NEW ORGANIC CLEANING AND PROCESSING MILL IN NORTHWEST SASKATCHEWAN

What started out as a discussion around the kitchen table in 2002 finally became a reality in February 2003 when a group of organic producers joined together to form the Northwest Organic Community Mills Co-operative Limited.

This new generation co-operative was established to get more value out of grain production and to allow the producer to have more control over the process. The group wanted to get away from just selling grain to the "big guys" and knew that they must be able to get more for their grain by adding value through processing. So, the co-operative was established, and a facility was purchased at Maymont.

Plant and Marketing Manager Brian Reiley explains that the mill was built with "sweat equity" from members with minimal debt, and that they were able to use refurbished equipment to keep costs at a minimum. To try out the cleaning equipment, the group cleaned seed for planting in May 2004. From there, they decided what needed to be changed, and spent the summer putting the final touches on the plant. In November, they got started cleaning.

Over the past year, the plant has cleaned in excess of 350,000 bushels of organic grain, but it has the capacity to clean up to 700,000 bushels annually, given a steady supply of good quality grain.

In addition to cleaning, the co-operative also offers services such as bagging, and container, intermodal and rail car loading. Not only do they provide these services for producers, they also clean and bag grain for other brokers who deal in organics, and have shipped products to the United Kingdom, Italy, Japan and the United States. The co-operative offers marketing services not only to its producer-members, but to any organic producer, as well.

Just recently, the co-operative added processing to its list of services. With the addition of a stone flour mill, the co-operative now has the capacity to produce 1.3 million pounds of organic flour annually. The flour types include whole wheat, buckwheat, barley and rye. They also collect the byproducts from making flour, such as bran and wheatlets, which are also saleable products. Taking it one step further, they have developed multigrain cereal products and muffin and pancake mixes that Reiley hopes will be in stores in early 2006.

The co-operative will be selling products under the name of "Old School Organics," as the facility is situated in what was once

the old school in Maymont. They are currently selling some products at the plant and in some local stores in northwest Saskatchewan. These include small packages of whole grains such as flax and cereal grains, as well as 10 kg packages of flour. The mill is looking at expanding its product line, and is currently trying to source dehydrated organic fruit.

The co-operative is made up of 59 producer members and approximately 100 investor members. There are nine directors on the board, which meets monthly. Organic growers may buy memberships at anytime for $500, and delivery obligation shares at $300 per 30-tonne allotment. The allotments are guaranteed for life, but the co-operative does realize that there can be extenuating circumstances, such as frost, whereby delivery is impossible because the production and quality just aren't there. Within the next year or so, there may be an investment opportunity for the public, as the co-operative is planning to open a new share offering of preferred shares at some point in time.

Northwest Organic Community Mills Co-operative Limited has viewed the development of value-added organic products, marketing and market development as key components of the organization's long-term success. To this end, the co-operative has purchased and maintained a membership in the Saskatchewan Trade and Export Partnership (STEP).

From an international perspective, the co-operative has received a lot of interest from overseas buyers. In fact, they had a number of European buyers and members of trade missions from Canadian consulates in Europe visit the mill in September of 2004. In addition, there have been a number of visits from a variety of international firms interested in doing business with the co-operative.

This past November, with funding from the Saskatchewan Agriculture and Food Agri-Value Program, a small group of representatives from the co-operative set off to Europe to return the international visits and to meet with new potential buyers. They also hoped to gain insight into the organic industry overseas in order to see what products would meet the needs of potential foreign customers.

Dayton Funk, an organic producer and director on the board, commented that they learned a lot in terms of the overseas markets they can tap into and the products they need to focus on.

"The overseas markets are looking for grains that can't be produced there," he says. "There's no sense in trying to sell them low-protein wheat, when they can grow it locally. The grains they are interested in are high-protein wheat, flax and lentils. The buyers prefer to buy whole grains versus processed products, as they feel more confident in the quality if they see the whole grain." Dayton also commented that, although there is a great potential for tapping into the European market, there is a lot Canadian producers can do at home. Just getting product on the store shelves locally and into the larger centres, such as Toronto, would be a huge step forward.

The co-operative will be meeting during the winter months to do strategic planning, which will allow it to set some firm directions in terms of the markets and products they will be looking at in the future. Things to watch for from this co-operative in 2006 include new products under the "Old School" brand, new markets overseas, HACCP certification and, potentially, a new share offering.

To find out more about the Northwest Organic Community Mills Co-operative Limited, contact Brian Reiley or Judy Sherman at (306) 389-2118 or visit their website at http://www.northwestorganicmills.com/.

For more information, contact:

Sherrilyn Phelps, PAg, CCA
Crop Development Specialist
Saskatchewan Agriculture and Food
(306) 446-7475

© 2007 Saskatchewan Agriculture and Food.